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BIWEEKLY REPORT

SINO-SOVIET ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

Number 1

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**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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FOREWORD

This report is the first of a series of biweekly reports issued in response to a request for coordinated intelligence reporting on economic activities of the Sino-Soviet Bloc in underdeveloped countries. These biweekly reports are expected to include three sections: I, a summary of the trends in events during the reporting period; II, a more detailed discussion of the major developments; and, III, highlights of other significant happenings. A more detailed review of such activities to date will be published in the near future, with subsequent quarterly supplements.

- iii -

S-E-C-R-E-T

S-E-C-R-E-T

CONTENTS

	<u>Page</u>
I. Summary of Developments, 1-14 February 1956	1
II. Background Notes on Items of Special Interest	2
A. Overtures to Pakistan	2
B. Soviet Atomic Energy Aid to Non-Bloc Countries	6
C. Sino-Soviet Bloc Credits to Yugoslavia	9
D. Soviet Arms Reportedly Offered to Yemen	10
III. Other Significant Developments	11
A. Technical Aid	11
B. Industrial Installations	12
C. Trade Agreements	13
D. Contracts with Private Companies	14

- v -

S-E-C-R-E-T

S-E-C-R-E-T

SINO-SOVIET BLOC ACTIVITIES
IN UNDERDEVELOPED AREAS

I. Summary of Developments, 1-14 February 1956.

The most significant event during the first 2 weeks of February 1956. involving Sino-Soviet Bloc activities in underdeveloped areas was a Soviet overture to Pakistan. This overture is the first attempt to weaken through economic inducements the military ties of countries aligned with the West. Also for the first time, the USSR concluded agreements for technical aid in the atomic energy field with non-Bloc countries -- Yugoslavia and Egypt.

The USSR initiated all of these new moves in the economic offensive, whereas the European Satellites and Communist China continued in their efforts to enlarge the scope of economic relations already established. Despite a long history of difficulties in Czechoslovak-Yugoslav relations, an agreement to balance their respective claims was concluded in 10 days. The agreement included a provision for a Czechoslovak loan to Yugoslavia. Poland and the USSR also granted loans to Yugoslavia, bringing the total of Bloc credit extended to that country during 1956 to more than US \$280 million.

In the Moslem world, in addition to the technical aid granted to Egypt and the overtures to Pakistan (which are likely to be followed by several trade agreements with the Bloc in 1956), a Soviet mission is currently in Yemen negotiating a trade agreement which may include arms. Several Bloc countries have submitted bids for the construction of an oil refinery in Syria, and East Germany has sent engineers and technicians to Egypt and has received an Egyptian order for an industrial installation. Rumania reportedly is negotiating barter transactions with private business firms in both Egypt and Lebanon. A long article in Pravda detailed the benefits which Turkey could derive from extended trade with the USSR.

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